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# TIME

THE WEEKLY NEWSMAGAZINE

## NATIONAL AFFAIRS

### THE NATION

#### New Signals on Peking

The President of the U.S. hosted the start of a reappraisal of one of the fundamental policies of his Administration—the longstanding U.S. quarantine of Communist China. Last week reflecting his own personal convictions, mounting pressure from such trade-strapped allies as Britain and Japan and the pleas of some elements of U.S. business he made it clear that he believes that present tough trade restrictions on Peking are not realistic for the long pull.

He said as much at his weekly news conference in reply to a double-barreled question about (1) the durability of his relations with the Chinese Nationalists in Formosa, and (2) the possibility of re-opening U.S.-Red China trade. The Formosa relations and the President's decision hinged is a result of the Korean conflict as of this moment, and so far as I know no one has suggested any change. As for trade with Peking, the embargo against it is a new matter of fact, and so far as that is on the books, of course, that is still the law. Correspondents quickly noted that he did not exclude a reconsideration of the U.S. embargo. Described by

after briefly summarizing the arguments for and against relaxation: "Frankly, I am of the school that believes that communism in the long run cannot be stopped. We are going to have either authorized trade or clandestine trade."

**The Important Front.** The President's remarks were anything but spur-of-the-moment observations. To begin with, he had been surprised that both Congress and the press had taken the unilateral British decision to resume nonstrategic trade with Peking (Time, June 10) with such equanimity. Since he is personally more or less in sympathy with the British position that the European front is the really important one in the cold war, he deemed it reasonable that trade restrictions on Red China's growing side of the Korean war need no longer be another of the restrictions on Russia. Said the White House staffer: "Let's face it. Behind the President's comments is his very real thinking that it is job one right now definitely to arrest the flow of water down hill. Every day must have its water."

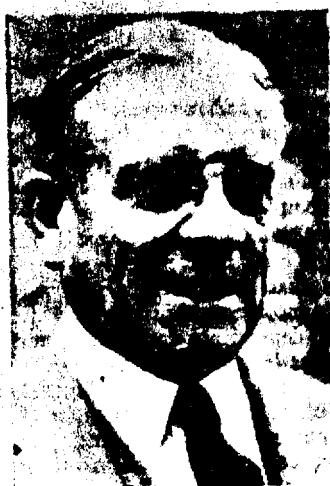
The President's remarks gave an ominous hint to some of his advisers who believe that the U.S. should pursue Red China trade. Leader of the pro-trade forces is Chicago industrialist Clarence Randall, chairman of the Council on Foreign Economic Policy. Among his most potent arguments was the summarized at his press conference: "Trade in itself is the great test weapon in the hands of a diplomat." Ike's chief economic adviser, Gabriel Hauge, sympathizes with the Randall view. There are also followers of this line of reasoning—such as the Secretary of

State, Averell Harriman, Under Secretary of State Christian Herter and Deputy Undersecretary Douglas Dillon, accept the broad theory. CIA Director Allen Dulles, brother of the Secretary of State, is plain in favor. Among Allen Dulles' reasons: even a trickle of U.S.-Red China trade would give his agents great intelligence opportunities in Peking.

**The Important Risk.** Dead set on the other side of the argument—and against any liberalized China policy—are the President's closest foreign-policy advisers, led by Secretary of State John Foster Dulles and Walter Robertson, Dulles' Assistant Secretary for Far Eastern Affairs. Along with Defense Secretary Wilson and the Joint Chiefs of Staff, the three vehemently for the current official position that the U.S. is Robertson crisply puts it: "not taking any steps which would impair international prestige for the Peking regime."

Whatever the validity of these conflicting positions, the President last week clearly took his stand with those who

believe that a limited resumption of Red China trade is inevitable, certainly of Japan, if Britain is to say nothing of other trading nations. He did so in consideration of widening an important U.S. position in much of Asia. Such a move would be regarded as a first step toward a eventual reversal of Washington's "No Red China" policy—a step which the Peking-style China Lobby will do its best to rush into diplomatic recognition of the Peking regime, its seating in the United Nations and the consequent disengagement of Chiang Kai-shek government.



RANDALL



HAUGE



DULLES



ROBERTSON